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April 21, 2014

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Ms. Jocelyn Boyd
Chief Clerk and Administrator
South Carolina Public Service Commission
PO Drawer 11649
Columbia, SC 29211

Dear Ms. Boyd:

Pursuant to Commission Order No. 2013-349, Chem-Nuclear Systems (CNS) is submitting the attached monthly report of variable cost data to the Commission. By copy of this letter we are also submitting this report to the Office of Regulatory Staff (ORS).

The enclosed preliminary monthly report of variable cost data covers the month of March. This report is similar in format to information that has been provided to the ORS in support of the ORS audits of CNS' allowable costs. The monthly data will be summarized on an annual basis to develop variable cost rates that can be used as one predictor of variable costs.

Sincerely,

Michael J. Benjamin
General Manager, Disposal Operations

Enclosure

c: James Harris, EnergySolutions
Jay Jashinsky, Office of Regulatory Staff
Ashlie Lancaster, SC Energy Office
Deborah Ogilvie, EnergySolutions

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Variable Costs:

Variable Labor and Non-Labor Costs for March 2014

Commission Order No. 2013-349 identified the following categories of rates for projecting Variable Labor and Non-Labor costs: vault purchase and inspection (per vault), ABC waste disposal (per shipment), slit trench operations (per slit trench offload), customer assistance (per shipment), and trench records (per container).

The following table illustrates the Variable Labor and Non-Labor costs that would be calculated using the Variable Labor and Non-Labor rates identified in Commission Order No. 2013-349 for Fiscal Year 2013-2014 and the number of units in each category:

| | Units | Variable Cost Rate in Order No. 2013-349 | Calculated Cost |
|---|--------------|---|------------------------|
| Vault Purchase and Inspection (per vault) | 7 | \$186.79 | \$1,307.53 |
| ABC Waste Disposal (per shipment) (total shipments, less slit trench shipments, less irregular project shipments) | 5 | \$1,169.00 | \$5,845.00 |
| Slit Trench Operations (per slit trench offload) | 0 | \$23,423.00 | 0 |
| Customer Assistance (per shipment) | 5 | \$80.75 | \$403.75 |
| Trench Records (per container) | 7 | \$325.00 | \$2,275.00 |
| Total Calculated Variable Labor and Non-Labor Costs | | | \$9,831.28 |

The actual Variable Labor and Non-Labor costs experienced during the month of March 2014 resulted in a Total Variable Labor and Non-Labor cost of \$29,798.82.

Vault Costs for March 2014

The following table illustrates the vault costs that would be calculated using Variable Cost rates identified in Commission Order No. 2013-349 for Fiscal Year 2013-2014 and the volumes of waste received in each respective category:

| | Volume Received (cubic feet) | Variable Cost Rate in Order No. 2013-349 | Calculated Cost |
|--|---|---|----------------------------|
| Class A Waste | 1,359.90 | \$40.29 | \$54,790.31 |
| Class B Waste | 0 | \$45.63 | 0 |
| Class C Waste | 0 | \$49.62 | 0 |
| Slit Trench Waste | 0 | \$156.19 | 0 |
| Irregular Components (in vaults as an irregular cost) | 0 | 0 | 0 |
| Irregular Components (not in vaults) | 0 | 0 | 0 |
| Total Calculated Vault Cost | | | \$54,790.31 |
| Total Volume | 1,359.90 | | |

Cost incurred for disposal vaults procured during March 2014: \$0